

AR47

Redstone
Mines
LIMITED



sixth annual report

1967

Annual Meeting of Shareholders of Redstone Mines Limited
Thursday, June 27, 1968 at 10.30 A.M. (Toronto Time)
Queen's Park Room — King Edward Sheraton Hotel
37 King Street East, Toronto 1, Canada

Sixth Annual Report 1967

REDSTONE MINES LIMITED

EXECUTIVE OFFICES: Suite 915, 25 Adelaide Street East
TORONTO 1, CANADA

OFFICERS

J. A. HARQUAIL - - - - - President
J. C. BYRNE - - - - - Vice-President
S. WISEBROT - - - - - Secretary-Treasurer

DIRECTORS

J. C. BYRNE - - - - - Toronto
J. M. EASSON - - - - - Toronto
DR. E. L. EVANS - - - - - Toronto
J. A. HARQUAIL - - - - - Toronto
L. G. WHITE - - - - - Vancouver

CONSULTANTS

SURVEYMIN LIMITED - - - Toronto and Vancouver

AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON - Toronto

BANKERS

ROYAL BANK OF CANADA - - - - - Toronto

SOLICITORS

TILLEY, CARSON, FINDLAY & WEDD - - - Toronto

REGISTRAR AND TRANSFER AGENT

MONTREAL TRUST COMPANY
15 King Street West - - - - - Toronto

REPORT OF THE DIRECTORS

To the Shareholders:

It is a pleasure to review your Company's progress in this sixth annual report, which also includes financial statements for the year ended December 31, 1967.

The Company maintains a sound financial position. An option held by the senior officer of your Company on 60,000 treasury shares at 35¢ a share was exercised since year-end. We are pleased to report that, as of this date, net current assets, consisting of cash and short term securities, amount to about \$125,000.

Redstone's interest in the Redfort Prospecting Syndicate properties in the Yukon was sold earlier this year to Fort Reliance Minerals Limited. Redstone received 128,570 shares in the capital of Fort Reliance in this transaction.

Your directors decided it would be in the best interest of your Company to acquire additional shares of Fort Reliance. As a result, Redstone now owns 200,047 shares of Fort Reliance at an average cost of 27¢ a share. These shares recently traded on the Canadian Stock Exchange at about 85¢.

Exploration

An expenditure of \$30,000 for surface exploration on the Company's claims during 1968 has been authorized by your directors. This program will consist of geochemical and geophysical surveys on the Plateau Lake copper deposit and also mapping and sampling of the Hidden Valley silver deposits.

All property holdings, consisting of 591 claims (30,500 acres) in five groups, remain in good standing. None of these claims requires expenditures for work before 1970.

Trio Syndicate

Redstone owns a 50 percent interest in this syndicate, while Ensign Oils Limited and Fort Reliance each own a 25 percent interest.

Consultants were retained during 1967 to complete a geological survey over Trio's oil and gas permits in the Northwest Territories. These consist of 200,170 acres in two parcels west of the MacKenzie River, as shown on the accompanying map.

The report on the potential of one of these parcels was highly favorable.

In view of these recommendations and subsequent developments in the general area, it is likely that all of the syndicate holdings will be retained for the initial three-year period.

* * *

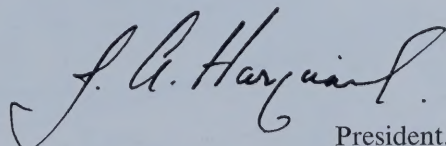
Your directors believe the Company will be successful in obtaining the major financing required to complete a deep drilling program on the bedded-copper deposits at Plateau Lake. Spectacular developments in the Coppermine area during the past year have focused the attention of major mining and oil groups on the mineral potential of the Northwest Territories. Redstone's properties, located only 75 air miles from a highway and a producing mine, command serious attention in this heightened exploration activity.

You will be asked at the annual meeting to approve the election of Mr. Murray

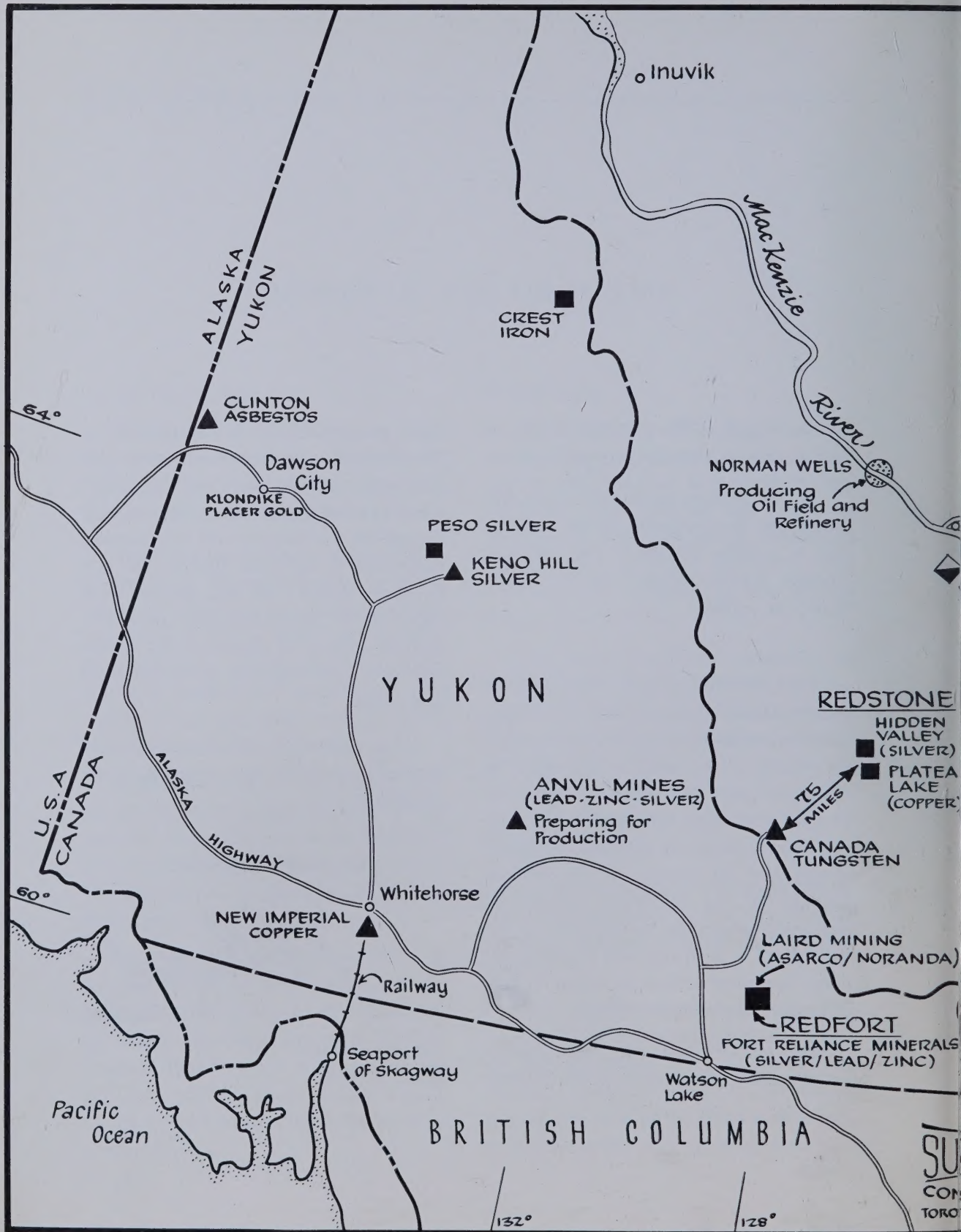
Watts as a new director of Redstone Mines. Mr. Watts is a professional engineer and prospector whose name is synonymous with northern mineral exploration. He has been responsible for major nickel and asbestos discoveries in northern Quebec and iron on Baffin Island. He has, through PCE Explorations Limited and other companies, brought millions of dollars of risk capital into the Coppermine area in the search for new mines.

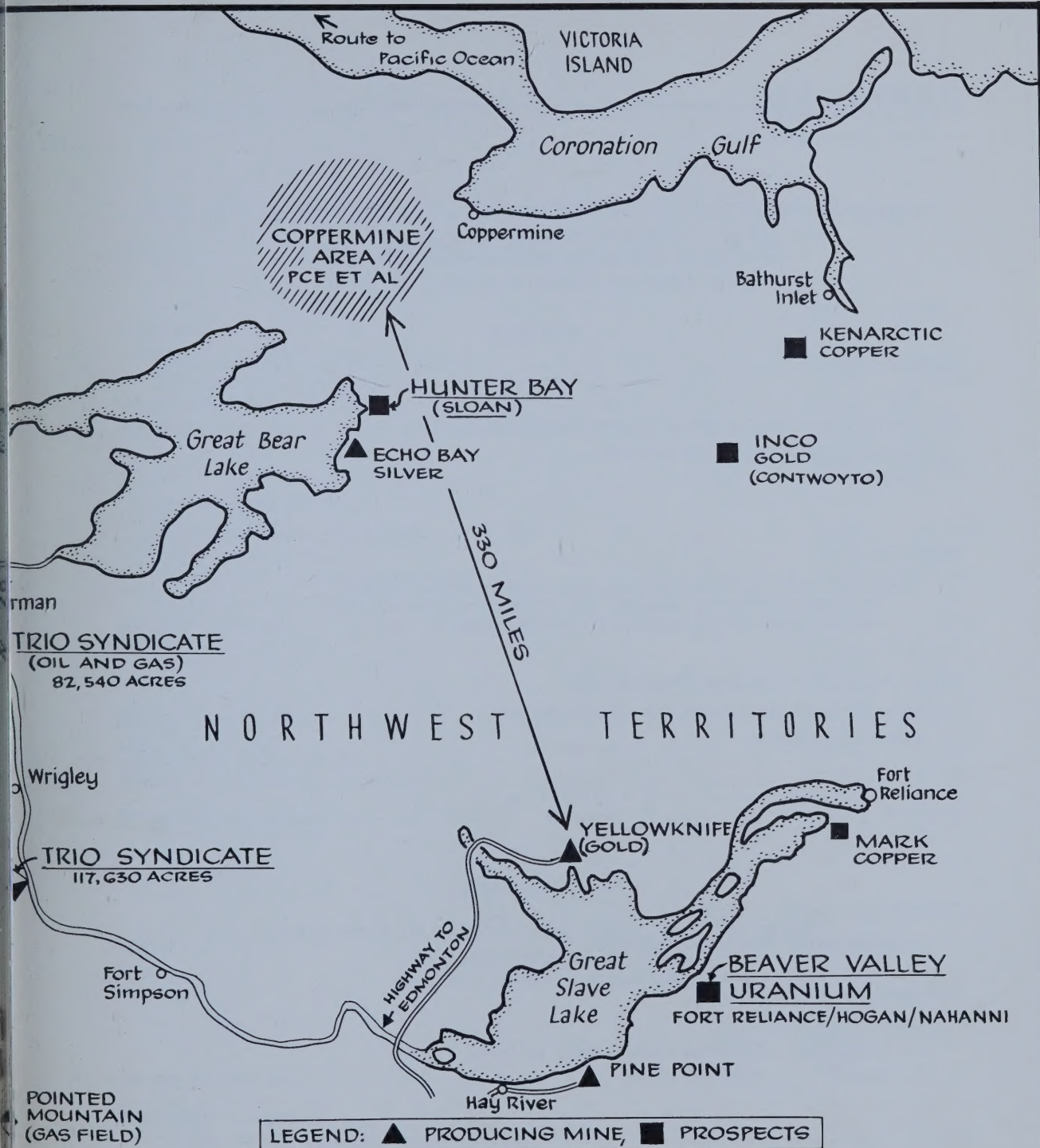
Management of your Company looks forward to an active and rewarding season of exploration.

On behalf of the Board,


President.

Toronto, Ontario
June 11, 1968





MINES AND PROSPECTS

YUKON - NORTHWEST TERRITORIES

50 0 50 100 150 MILES

JUNE '68

REDSTONE
MINES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet — December 31, 1967

(with comparative figures at December 31, 1966)

ASSETS

	1967	1966
CURRENT ASSETS:		
Cash	\$ 3,512	\$ 6,963
Short term securities, at cost which approximates market value	134,155	158,656
Accounts and accrued interest receivable	4,071	2,864
Prepaid expenses	625	635
	<u>142,363</u>	<u>169,118</u>
MINING CLAIMS:		
Claims held under certificates of work in the Nahanni Mining District, Northwest Territories, acquired for 1,200,000 shares of the company's capital stock issued at 25¢ per share (note 1)	300,000	300,000
	<u>300,000</u>	<u>300,000</u>
OTHER ASSETS AND DEFERRED EXPENDITURES:		
Exploration and administrative expenditures deferred	786,219	758,483
Organization expense	2,881	2,881
	<u>789,100</u>	<u>761,364</u>
	<u>\$1,231,463</u>	<u>\$1,230,482</u>

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,281	\$ 300
SHAREHOLDERS' EQUITY:		
Capital stock (note 2)		
Authorized — 5,000,000 shares without par value		
Issued — 3,584,928 shares	1,230,182	1,230,182
	<u>\$1,231,463</u>	<u>\$1,230,482</u>

Approved on behalf of the Board,

J. A. HARQUAIL, Director.

J. C. BYRNE, Director.

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

Year ended December 31, 1967
(with comparative figures for 1966)

	<u>1967</u>	<u>1966</u>
Exploration		
Participation in exploration syndicates	\$ 14,881	\$ 16,192
Licenses and recording fees	110	110
Consulting fees	6,000	
Other expenses (net)	(550)	224
	<u>20,441</u>	<u>16,526</u>
Administrative and general		
Management, consulting and office service fees	13,000	15,000
Legal and audit fees	952	250
Share transfer and share issue expenses	1,007	194
Reports to shareholders	1,393	545
Other expenses	283	421
	<u>16,635</u>	<u>16,410</u>
	<u>37,076</u>	<u>32,936</u>
Deduct interest earned	9,340	9,347
	<u>27,736</u>	<u>23,589</u>
Expenditures (net) for the year	27,736	23,589
Balance deferred at beginning of year	758,483	734,894
	<u>\$ 786,219</u>	<u>\$ 758,483</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1967
(with comparative figures for 1966)

	<u>1967</u>	<u>1966</u>
Source of funds	Nil	Nil
Application of funds		
Exploration and administrative expenditures	27,736	23,589
	<u>27,736</u>	<u>23,589</u>
Decrease in working capital	168,818	192,407
Working capital at beginning of year	168,818	192,407
	<u>\$ 141,082</u>	<u>\$ 168,818</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 1967

1. MINING CLAIMS

Under certain prospecting agreements former employees (who are not directors or officers) are entitled to receive, in respect of 100 of the company's mining claims, 10% of the amount by which any proceeds on disposal thereof exceed exploration expenditures incurred thereon.

2. CAPITAL STOCK

There are 60,000 shares of the company's capital stock under option to an officer of the company at 35¢ per share expiring on April 30, 1969.

3. SALE OF CLAIMS — EXPLORATION SYNDICATE

Under an agreement dated February 5, 1968, the company has undertaken, subject to certain conditions, to sell to Fort Reliance Minerals Limited all of its interest in claims in the Watson Lake Mining Division, Yukon Territories, which it holds as a member of a prospecting syndicate, in exchange for 128,570 shares of Fort Reliance Minerals Limited. The company's share of exploration expenditures of this syndicate amounted to \$23,693 at December 31, 1967 and administrative and general expenses applicable thereto amounted to \$9,495.

4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The direct remuneration of directors and senior officers, as defined by The Corporations Act, Ontario amounted to \$12,000 in both 1967 and 1966.

AUDITORS' REPORT

To the Shareholders of
Redstone Mines Limited

We have examined the balance sheet of Redstone Mines Limited as at December 31, 1967 and the statements of exploration and administrative expenditures deferred and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then added, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
March 4, 1968.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

